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FINANCIAL NEWS AND COMMENT

Wall Street Explosion, Its Effect on Sentiment and Its Lessons.

MONEY SLIGHTLY EASIER

Public Absorption of Issues of High Grade and Probable Benefits From It.

By WILLIAM JUSTUS BOIES.
There was marked expansion of public interest in the security market last week up to the time that the community was horrified by Thursday's dastardly bomb outrage. It caused great confusion and emphasized as nothing else has the dangers of loose thinking, violent speech and constant appeals to class prejudices. Scarcely 100 feet from the spot where the explosion occurred radial agitators of the soapbox variety for years past have addressed large audiences at noon on the platform of the present order of things. They have been silenced, but the flames have been kept up during the day, not only at Wall and Broad streets, but at thirty or forty other locations on Manhattan Island. The police have not interfered. The city authorities have issued permits for the street meetings and the apostles of anarchy have done everything possible to stir up strife and inflame the populace.

Another National Neglect.
It is another instance of our national greed and myopia of the energy within our gates. The abhorrent tragedy may arouse us to the necessity of combating such propaganda work by educating the aliens and teaching them what Americanism really means. It is too early to estimate the ultimate effects of the distressing occurrence on sentiment or discuss the consequences on the investment markets. It will make us take note, however, of the growing out of the war and cause some rethinking. Itself of those elements which, if not restricted, will soon make the United States into another Russia. The nation is aroused to that danger and there can be no doubt that our toleration of the parrot Bolsheviks and the ladylike treatment of anarchists will be abandoned. The country is making good progress. The Constitution has not been dynamited and it cannot have made the people give most serious thought to the tremendous issues at stake in this Presidential campaign.

Investment Recovery.
The astounding success of the French Government's \$100,000,000 loan, which was distributed among 39,000 investors, the ease with which the banks financed the heavy engagements of the Government tax settlement on Thursday and the heavy subscriptions for the new issues of Treasury certificates of indebtedness and other large packages have made for increased confidence in financial circles. The broad demand for the new French bonds reflected a bona fide expansion of investment interest and the willingness of shrewd buyers to take on long term bonds at present prices. That attitude contrasts sharply with the indifference of the last month and emphasizes the change that is taking place in the attitude of the public toward the security market in general. The greater interest shown is prompted no doubt by recognition that the uninvested dollar is more costly than ever before due to 7 or 8 per cent income return. Such an abnormal demand in an abnormal and cannot be continued indefinitely with basic conditions improving and the money market developing greater ease.

To Easier Money.
Really easy money cannot be looked for before the turn of the year or until the heavy January maturities have been provided for. But the one thing certain is that the Federal reserve system is functioning strongly, that the heavy demands of the autumn money market are being provided for, and that fully \$1,000,000,000 which a year ago was tied up in Wall Street loans is being used to finance production.

The crop movement is proceeding satisfactorily, thanks to the assistance furnished by the reserve banks of Boston and Cleveland, which have made large advances to other reserve banks in the East and West, and which means that the credit released by the shutting down of textile plants in New England and elsewhere is being shifted to sections in which business conditions are improving in full swing, which denotes financial team work of a high order and shows skillful management of the reserve board in apportioning credit where it will do the most good in promoting business, cutting down living costs and making transacting business less burdensome.

Financing Recovery.

In discussing this phase of the money situation, W. P. G. Harding, Governor of the Federal Reserve Board, told the Cleveland Chamber of Commerce last week that it "would be folly to inflict serious injury upon agriculture and commerce and industry merely for the sake of maintaining an arbitrary minimum reserve, but it would be still more commendable folly to treat a low reserve position, brought about by an emergency, as a normal base from which future emergencies are to be met." That is now becoming a reality from a high quarter and shows that the Federal Reserve Board has portioned carefully until this high money market has passed and gone. It means also that in the judgment of the board there is no immediate likelihood of general trade reaching sufficiently to release any great proportion of the immense fund of credit engaged in business undertakings, which is fortunate because should that occur the result would be that fast our general trade position might be imperiled. Increased railroad efficiency, however, is assisting the bank position by enabling manufacturers and producers to pay off loans that had been left standing during the long interval when railroad sidings and switches were congested with thousands of cars.

Sustained Improvement.
The country is getting back to the normal order of things, and although there is an excessive demand for credit accommodations most of the large industrial corporations are well fortified financially. The war whatever tests are ahead. Large business houses are operating with important business leaders to form heavily capitalized trading companies to compete effectively for foreign trade. It is recognized on all sides that this country must have a larger foreign trade to keep active the immense productive capacity added during the war. The probability is that most of these facilities will be needed before many months elapse. Important developments in that connection may be announced any day, arrangements are in strong hands and the field has been

canvassed carefully by executives of commanding ability.

Investments are being made in building up strengths in the principal cities. The shortage is no greater as to call for enormous aggregate investments and in various communities the problem is being solved by community building projects, conducted by heavily capitalized corporations headed by public spirited business men and capitalists. Reports from the large cities show some gains during August, although the total movement was hampered by money market conditions and difficulty of engaging

labor. It is apparent, however, that investments of that type will require much capital formerly in railroad and industrial securities. That situation is very interesting and means that the industry is going to have to provide for various efforts to interest small investors. The significance of that movement is that the need is virtually nationwide and thus local capital in various communities is likely to be called on to support realty operations on an unprecedented scale.

Notwithstanding public absorption of railroad securities and much broader demand for certain issues, the average price of two-year railroad bonds has largely increased earnings which will result from higher freight and passenger rates. There is, therefore, abundant reason for broader public interest in railroad securities in general and for certain issues in particular. The investing public, however, has begun to realize benefits according to rule from legislation enacted by the last Congress and which made highly the highly constructive action taken by the Interstate Commerce Commission.

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